

BUDGET REFORM

IN CONGRESS

H. R. 7130 (S. 1541)

I. Establishes House and Senate Budget Committees

Committees would set budget targets for appropriations, spending, revenue, surpluses and deficits.

II. Establishes a Legislative Budget Office to Assist Budget Committees

III. Budget Process

- a. Fiscal Year changed to 1 October.
- b. Budget Committees receive President's budget January 20 and initiate a congressional budget.
- c. Congress clears authorization bills and Budget Committees set congressional budget targets.
- d. Appropriations Committees clear appropriations bills interrelating appropriations bills and using guidelines of congressional budget targets.
- e. Reconciliation. The final budget is cleared by September 30 which reconciles and adjusts appropriations with revenues, etc.

IV. Scope of Budget Review

- a. By 1979, Congress hopes to review all Federal spending (now only 60% is subject to annual appropriations) including:

1. permanent appropriations
 2. contract authority
 3. open-ended committments
 4. loan authority
- b. Funds impounded by the President would be subject to congressional vote for release 60 days thereafter.

Committees Move Toward Budget Reform Compromise

Moving toward compromise on congressional budget reform, House and Senate committees have reached initial agreement on proposals loosening up recommendations for rigid budgetary procedures.

The result, budget reform advocates worry, may be procedural changes that give the appearance of reform but really continue some glaring weaknesses in the existing methods by which Congress considers the federal budget.

Al Ullman (D Ore.), the co-chairman of a joint congressional study committee that prepared the initial budget reform proposals, Oct. 10 warned the House Rules Committee that "we must at all costs avoid watering down the joint committee proposals to the point where they become almost meaningless."

In the Senate, the Government Operations Committee Oct. 9 reached general consensus on a substitute bill compromising major differences over the timing, structure and rigidity of a new budget process.

In the House, the Rules Committee Oct. 10 agreed to make a similar compromise bill, drafted by Rep. Richard Bolling (D Mo.), the basis for marking up a budget reform measure for floor consideration.

Both compromise measures made significant changes in initial budget reform proposals recommended in April by the special joint study committee, appointed late in 1972. (*Background, Weekly Report* p. 2448, 1013)

Ullman opposes the substitute proposals as too weak to make congressional budget procedures effective. If such legislation came to the House floor, Ullman has said he would seek to strengthen its provisions through amendments.

Senate Committee Action. The Senate committee's compromise bill was worked out by staff assistants after it became clear that the committee members were about evenly divided between two alternative proposals. In mark-up sessions held on Oct. 1 and 5, the committee made no decisions but did define areas of agreement and disagreement.

The Senate committee's alternatives—one a bill (S 1541) approved by its Subcommittee on Budgeting, Management and Expenditures and the other a proposal offered by Edmund S. Muskie (D Maine) and Bill Brock (R Tenn.)—differed in three main respects.

The subcommittee's bill created House and Senate budget committees to consider the President's budget proposals and recommend a congressional budget. It required that Congress enact firm budget ceilings and subceilings before considering separate appropriations and backdoor spending measures. It also directed the President to send his budget to Congress by Nov. 15.

Rejecting separate budget committees, the Muskie-Brock proposal assigned most budget-making functions to the existing Senate Appropriations Committee. The proposal provided for adoption of a tentative budget resolution early in each session but left enactment of firm ceilings to the end of the appropriations and spending process. The bill also changed the federal government's fiscal year to start each year on Oct. 1 rather than July 1.

After discussions among committee members and staff assistants, the staff drew up a compromise proposal that generally followed the Muskie-Brock approach. Dealing with the major differences, the compromise would:

- Change the fiscal year, with Oct. 1 used as a starting date for purposes of discussion.
- Create a budget committee but give the existing Appropriations Committee major responsibility for enforcing budget decisions.
- Require enactment by Aug. 1 of a budget resolution setting a firm ceiling but flexible subceilings on federal spending.
- Require enactment by Oct. 1 of a "ceiling enforcement bill" putting all appropriations and backdoor spending bills into effect. In reporting the enforcement bill, the Appropriations Committee would recommend cuts in individual spending bills if needed to keep total spending under the ceiling. If Congress failed to enact a consistent enforcement bill, the budget committee then would propose a new budget resolution readjusting spending and taxes.

Roth Objections. The full committee Oct. 9 gave tentative approval to the compromise with one dissenting vote by William V. Roth Jr. (R Del.). Roth objected that the compromise "eliminates any self-discipline" from congressional budget decisions.

"As a practical matter," Roth complained, under the compromise provisions Congress "will pretty much end up the same way we do today."

"We still have what I call a rubbery over-all ceiling," he went on, "that would be subject to increases at the end of the year by a majority vote." Rather than cutting appropriations to meet the ceiling, he argued, Congress would find it easier to simply raise the ceiling.

Appropriations Committee Chairman John L. McClellan (D Ark.), a Government Operations Committee member, argued that "the subceilings should be firm."

The Appropriations Committee had experimented in 1973 by assigning ceilings to its subcommittees as they handled separate appropriations bills, McClellan said, and "it's worked pretty well.... If they have a ceiling, they know they've got to meet it. That's a whole lot better than calling them targets."

McClellan also proposed that Congress set up a joint committee to handle budget deliberations rather than separate House and Senate budget committees.

Like the Senate compromise, the Bolling bill before the House Rules Committee would leave firm budget decisions to the end of the appropriations process.

Membership on the budget committee in the House may also be an issue since the Bolling bill leaves the nature of its membership unmentioned. The joint study committee proposal sought at least 50 per cent membership on the committee from the House Ways and Means Committee members.

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REMARKS:		
<p>I thought you would be interested in the attached article which appeared in the Congressional Quarterly, a publication which follows legislation.</p> <p>[REDACTED]</p> <p>(SOFT FILE)</p> <p>File S-1541</p> <p>Congressional Budget</p> <p>Establish Congressional Control of Budget</p>		
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